

Kansas City Aviation Department

Overview of Financial Operations - January 26, 2016



Agenda

- Airport Revenues & Other Sources of Funds
- Airport Expenses & Other Uses of Funds
- Capital Equipment & Ongoing Capital/Maintenance Needs
- Capital Project Funding Process

FY15 Operating Statement

	FYE15
Operating Revenues	
Terminal Buildings & Aprons	\$ 18,316,372
Airfield & Runways	19,756,885
Parking	49,938,478
Rental Car	11,315,762
Transportation Facility Charges	5,274,163
Concessions	4,018,871
Property Rental	14,940,107
Other Operating Revenue	1,867,175
Total Operating Revenues	125,427,813
Operating Expenses	
Salaries, Wages & Benefits	30,253,844
Contractual Services	48,296,934
Commodities	5,147,628
Total Operating Expenses	83,698,406
Operating Income Before Non-Cash Expenses	41,729,407
Non-Cash Expenses	
Depreciation	53,107,267
Amortization	27,308
Total Non-Cash Expenses	53,134,575
Operating Loss	(11,405,168)
Non-Operating Revenues	
Interest Income	2,248,184
Passenger Facility Charges	20,191,101
Customer Facility Charges	6,704,444
Operating Grant Revenue	306,075
Other Non-Operating Revenue	5,277,607
Total Non-Operating Revenue	34,727,411
Non-Operating Expenses	
Interest Expense	8,731,546
Other Non-Operating Expenses	3,009,659
Total Non-Operating Expenses	11,741,205
Total Non-Operating Revenue, Net	22,986,206
Income (Loss) Before Capital Contributions	11,581,038
Capital Contributions (Federal Grants)	11,832,670
Change in Net Assets	\$ 23,413,708

Aeronautical Revenues

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Holdroom and Gate Areas



Ticket Counters



Baggage Areas



Passenger Boarding Bridges



Aprons



Airfield



Airline Use & Lease Agreement

→ Compensatory

- Retain Non-Aeronautical Revenues
- Retain Financial Risk

→ Residual

- Limit Accumulation of Airport Equity
- Transfer Financial Risk to Airlines

→ Hybrid

- Mixture of Both Methods

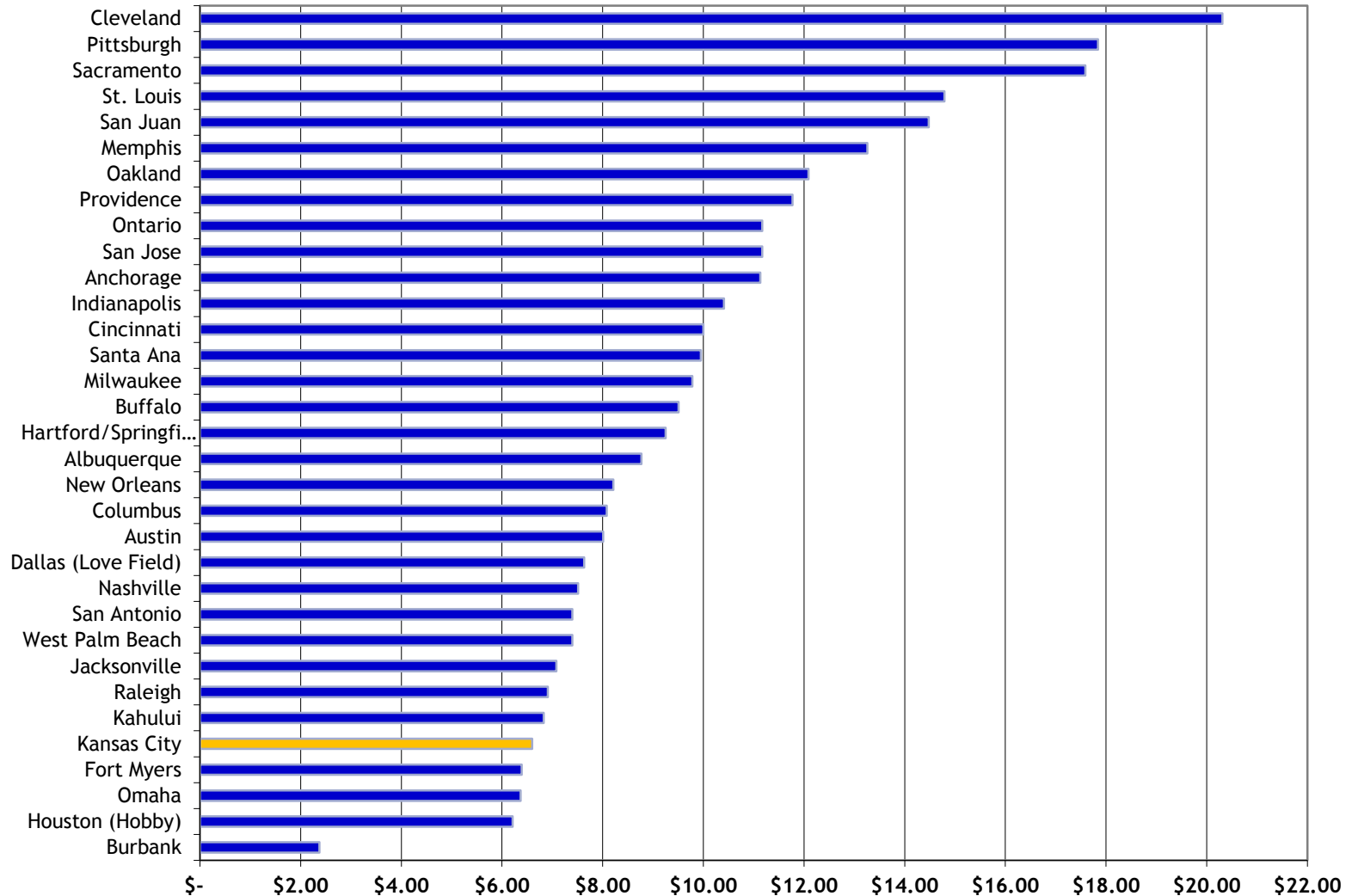
Rates & Charges

→ Terminal Rental Rate	\$ 56.72/Sq Ft
→ Boarding Bridge Fee	5,352.33/Mo/Bridge
→ Apron Rate	427.53/Ln Ft
→ Landing Fee	2.93/1,000 Lbs
→ Airport CPE	\$ 6.70

Note: CPE stands for Cost per Enplaned Passenger

Rates & Charges

Comparison of Cost Per Enplanement



Non-Aeronautical Revenues

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Parking Revenue - Terminal Garage



Parking Revenue - Circle Lot



Parking Revenue - Economy Parking Lot



Parking Revenue - ParkAir Express



Parking Revenue - Curbside Valet



Parking Rates

→ Curbside Valet	\$27.00 Daily
→ Terminal Garage Parking Rates	\$22.00 Daily
→ Circle Parking Lot	\$15.00 Daily
→ ParkAir Express	\$ 8.00 Daily
→ Economy Parking Lot	\$ 7.00 Daily

- Approximately 1.75M transactions in FY15
- Approximately \$49.9M in FY15

Rental Car Revenue

Consolidated Rental Car Facility



Rental Car Fees

✈ Ground Rent

- Approximately \$0.7M in FY15

✈ Rental Car Concession Fees

- 10% of Gross Revenues
- Approximately \$10.6M in FY15

Concession Revenue - Terminal



Concession Revenue - Terminal



Concession Revenue - Terminal



Concession Revenue - Terminal



Concession Revenue - Terminal

✈ Based on a Percentage of Gross Revenue

- Food & Non-Alcoholic Beverages 8%
- Specialty Merchandise 12%
- Alcoholic Beverages, News & Books 14%
- Retail/General Merchandise 15%-20%

✈ Approximately \$4.0M in FY15

Property Rental

- ➔ Approximately \$14.9M in FY15
- ➔ Examples of Property Rentals include:
 - Ambassador Building
 - Maintenance Facility
 - Cargo Facilities
 - Intermodal Business Centre
 - Offices & Hangars at Charles B. Wheeler Downtown Airport

Property Rental Ambassador Building



Property Rental Maintenance Facility



Property Rental - Cargo



Property Rental Intermodal Business Centre



Property Rental Intermodal Business Centre



Property Rental Intermodal Business Centre



Property Rental

Charles B. Wheeler Downtown Airport



Property Rental - Hangars at Charles B. Wheeler Downtown Airport



Other Funding Sources

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Transportation Facility Charges (TFC)

→ TFC's are:

- Fees assessed for each rental car transaction day (currently \$2.36)
- The fee is paid by rental car customers, collected by rental car agencies and remitted to the Aviation Department
- Approximately \$5.3M in FY15
- Used for paying the consortium that operates the buses which transport passengers from the consolidated rental car facility to the terminals

Passenger Pickup at the Rental Car Facility



Passenger Pickup at the Terminals



Customer Facility Charges (CFC)

→ CFC's are:

- Fees assessed for each rental car transaction day (currently \$3.00)
- The fee is paid by rental car customers, collected by rental car agencies and remitted to the Aviation Department
- Approximately \$6.7M in FY15
- Used to fund the debt service associated with the design, engineering and construction of the consolidated rental car facility (approximately \$5.7M annually)

Passenger Facility Charges (PFC)

→ PFC's are:

- Fees imposed on enplaning passengers that are collected by the airlines and remitted to the airport
- The FAA may authorize a PFC up to \$4.50 per enplaned passenger
- Currently KCI is authorized to collect \$4.50 per enplaned passenger
- Approximately \$20.2M in FY15
- Proceeds are to be used for approved airport-related project costs that:
 - Preserve or enhance safety, capacity or security of the air transportation system
 - Reduce noise from an airport
 - Furnish opportunities for enhanced competition at the airport
- Examples of projects eligible for PFC Funds include:
 - Airfield or Apron Repaving
 - Aircraft Rescue & Fire Fighting Equipment
 - Snow Removal Equipment
 - Passenger-related Terminal Costs

Capital Contributions

Airport Improvement Program (AIP) Grants

➔ AIP Grants are:

- Grants provided by the FAA to airports for the planning and development of certain eligible projects
- The grants are funded by the Airport and Airway Trust Fund (AATF) which receives revenues from a series of excise taxes from airline tickets
- Eligible projects include those improvements related to enhancing airport safety, capacity, security & environmental concerns
- Used for such projects as:
 - Runway Reconstruction
 - Taxiway Reconstruction
 - Airfield Lighting & Signage
 - Aircraft Rescue & Fire Fighting Vehicles and Facilities
 - Master Planning

Airport Operating & Maintenance Expenses

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Personnel Services

- ➔ Personnel Services totaled approximately \$30.3M in FY15
- ➔ Reflect Salaries, Wages & Benefits for the provision of services at the airport:
 - Airport Administration & Support
 - Finance & Accounting
 - Information Technology
 - Commercial Development
 - Engineering
 - Marketing
 - Environmental Management
 - Airport Operations & Safety
 - Airport Operations
 - Airport Police
 - Fleet Maintenance
 - Field Maintenance
 - Facilities Custodial
 - Facilities Structural
 - Charles B. Wheeler Downtown Airport

Contractual Services

➔ Contractual Services totaled approximately \$48.3M in FY15

➔ Examples of some of the largest contractual services would include:

◦ Utilities	\$11.6M
◦ Parking Operations	\$7.5M
◦ Bus Service Agreement Fee	\$5.3M
◦ Fire Fighting & Ambulance Services	\$4.7M
◦ Administrative Service Fees	\$4.2M
◦ Baggage & Boarding Systems	\$2.1M

Commodities

→ Commodity purchases totaled approximately \$5.1M in FY15

→ Examples of some of the largest commodity types would be:

◦ Motor Vehicle Parts	\$1.0M
◦ Motor Vehicle Fuel	\$0.7M
◦ Aviation Fuel (for resale)	\$0.6M
◦ Electrical Supplies	\$0.5M

Other Uses

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Capital Equipment

➔ Examples include:

- Snow Removal Equipment & Other Airfield Equipment
- Police & Fire Equipment
- Buses
- Mowing Equipment

Note: The cost of capital equipment will be recorded as depreciation expense over its useful life

Snow Removal Equipment



Snow Removal Equipment

Snow Blower



Snow Removal Equipment

Snow Brooms



Other Airfield Equipment

Rubber Removal Truck



Police Equipment Airport Police Vehicles



Fire Equipment Aircraft Rescue & Fire Fighting Vehicles



Airport Buses



Mowing Equipment



Capital/Maintenance Projects

→ Examples include:

- Runway Rehabilitation (AIP, PFC)
- Terminal Cooling System Repair (Airport)
- Airport Roadway Rehabilitation (Airport)
- Public Parking Rehabilitation (Airport)
- Aircraft Rescue & Fire Fighting Building (AIP, PFC)
- Closed Caption Television (CCTV) (Airport)
- WiFi Upgrade (Airport)
- Terminal Carpet Replacement (Airport)
- Flight Information Display System (FIDS) Monitors (Airport)
- Delta Holdroom - New Bathroom

→ FY16 Capital Projects Budget

◦ Total Budget	\$35.0M	
◦ AIP		15.0M
◦ PFC		5.0M
◦ Airport		15.0M

Note: The cost of a capital/maintenance project will be recorded as depreciation expense over its useful life

Runway Rehabilitation



Runway Rehabilitation



Terminal Cooling System Repair



Airport Road Rehabilitation at Charles B. Wheeler Downtown Airport



Public Parking Rehabilitation



Aircraft Rescue & Fire Fighting (ARFF) Building at Charles B. Wheeler Downtown Airport



Closed Circuit Television (CCTV)



WiFi Improvements



Terminal Carpet Replacement



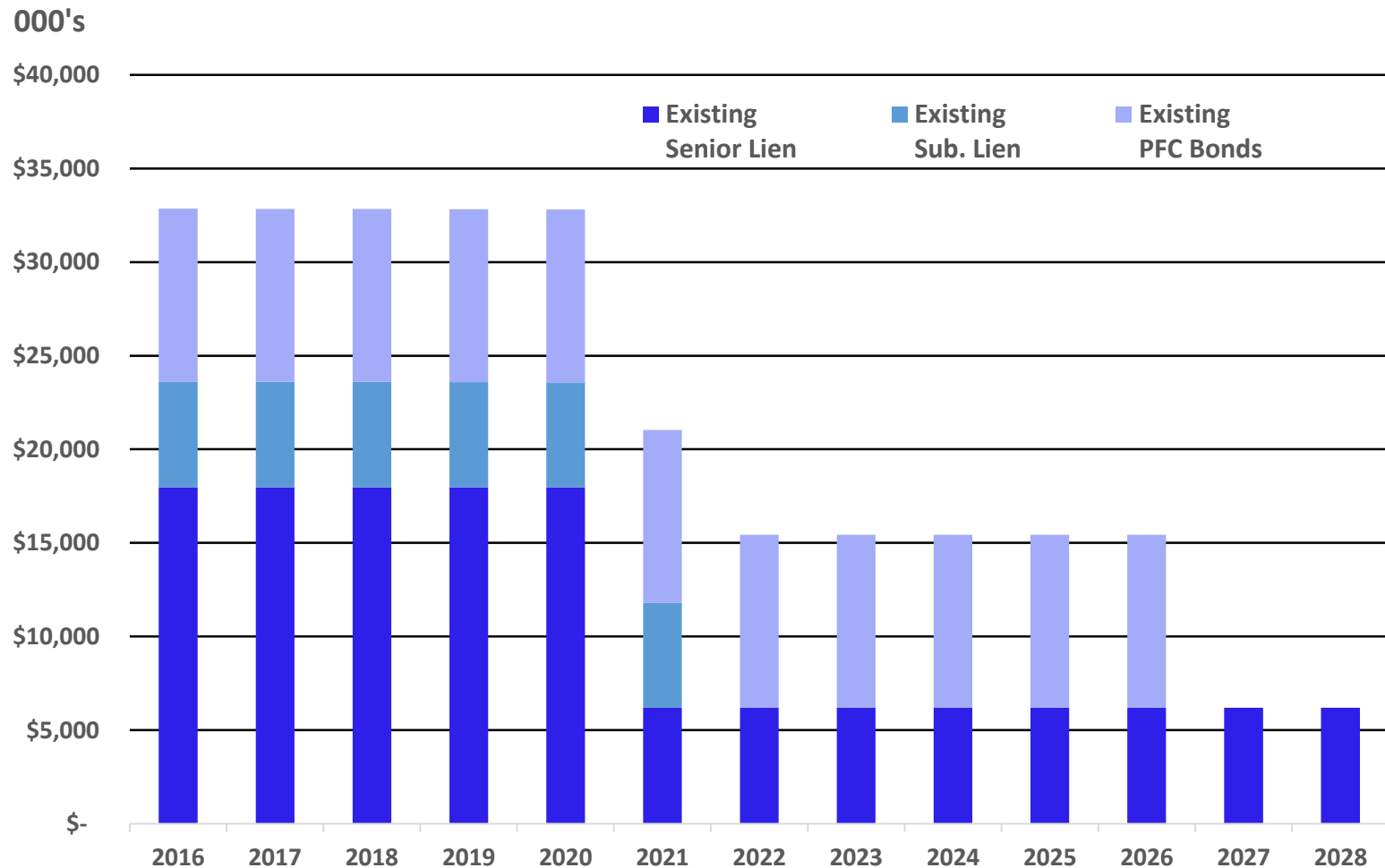
Flight Information Display System - FIDS Monitors



Delta Holdroom - New Bathroom



Outstanding Annual Debt Service - MCI



Capital Project Funding Process

- ➔ Determine Affordability
- ➔ Determine Funding Sources
 - Airport Improvement Grants
 - Other Grants
 - Passenger Facility Charges
 - Customer Facility Charges
 - Airport Operations
 - Aeronautical
 - Non-Aeronautical
- ➔ Model Operational & Cash Flow Requirements
- ➔ Determine Timing of Debt Issues

Conclusion

Questions?